

COMMITTEE ON HIGHER EDUCATION
Representative Don Carlson, Chair

BILL ANALYSIS
HB 1055

BRIEF DESCRIPTION: Creating undergraduate fellowships for needy and meritorious students.

BACKGROUND: Since 1985, the Legislature has created four programs designed both to match state funds with private donations and to attract exemplary faculty and graduate students to Washington's public colleges and universities. Through the Distinguished Professorship and Graduate Student Fellowship programs, state funds are matched with private donations to create endowed positions at the public baccalaureate institutions.

In the Community College Exceptional Faculty Awards program, state funds and private donations are equally matched either to reward outstanding service by individual faculty members or to fund faculty development activities. Community college and technical college foundations are permitted to participate in this program.

Through the Warren G. Magnuson Institute for Biomedical Research and Health Professions Training, individuals engaged in research into diabetes, Parkinson's disease, osteoporosis, and other medical disorders receive funding and support. Funding for the institute is provided through a combination of methods, including the earnings on an endowment created when state funds were doubly matched by private donations or federal funds.

The 1996 Student Financial Aid Policy Advisory Committee to the Higher Education Coordinating Board recommended the creation of an endowed fellowship program for needy and meritorious undergraduate students attending public or independent colleges and universities. The committee suggested that the board develop and seek funding for a program modeled on the Distinguished Professorship and Graduate Student Fellowship programs.

SUMMARY: The Washington Undergraduate Fellowship Trust Fund Program is created. Through the program, the Legislature intends to help public baccalaureate institutions fund fellowships for needy and meritorious undergraduate students. At each participating institution the fellowships will be funded from earnings from an endowment created by matching state money with an equal amount from private donors.

The program will be administered by the Higher Education Coordinating Board. The board will adopt program guidelines and request the release of state matching moneys to qualifying institutions of higher education. The guidelines may include a system for allocating state matching funds.

The Undergraduate Fellowship Trust Fund is created. It will be administered by the State Treasurer. State appropriations for the program will be deposited in the trust fund. At the request of the Higher Education Coordinating Board, money in the trust fund will be released to the local endowment funds created by participating institutions. The Higher Education Coordinating Board may request the release of state money when participating institutions receive \$25,000 from private donors. If a donor pledges \$25,000 for the program, the Higher Education Coordinating Board may reserve the matching funds for up to two years. At the end of the two year period, the reserved money will be made available for another pledged fellowship.

Once an institution receives the private donation and state matching moneys, it will deposit both in an endowment fund. The institution is responsible for soliciting private donations, investing money in the endowment fund, administering the fellowship, and, upon request, reporting on the program to the Governor and the Legislature. The proceeds from the endowment may be used to pay the costs associated with the recipient's education. The principle of the endowment cannot be spent. Moneys associated with this program are not subject to collective bargaining.

By December 1, 1999, the Higher Education Coordinating Board will recommend to the Governor and the Legislature any changes needed in the program. The Governor may transfer the administration of this program to another agency with an educational mission.